Diaspora Entrepreneurship and International Market Entry Strategies in the Emerging Economies: A Learning Process

Abstract

This paper presents an exploration into the market entry strategies of diaspora entrepreneurs in emerging economies. The research is qualitative using a case study approach involving in-depth semi-structured interviews. The findings suggest that diaspora entrepreneurs adopt mostly the network or, in some cases, the international new venture (born-global) market entry strategy rather than the traditional stage by stage approach. They also reveal that diaspora entrepreneurs adopt a learning process for their market entry. The paper contributes to better understanding on the transnational diaspora entrepreneurship and its dynamics. The implications for the study are also discussed.

Keywords: Diaspora entrepreneurship, Transnational entrepreneurship, Internationalisation, Globalisation, Market entry strategies, Emerging economy.

Introduction

Diaspora entrepreneurship is an emerging field of study since international entrepreneurship, as a domain, is little over two decades old (Jones, 2011). Diaspora entrepreneurs are migrants and their descendants who are engaged in entrepreneurial activities that span the national business environments of their countries of origin and countries of residence (Riddle et al., 2010). Diaspora entrepreneurs are uniquely positioned to recognise opportunities in their countries of origin, to exploit such opportunities as ‘first movers’ and contribute to job creation and economic growth (Newland and Tanaka, 2010). This is echoed by Riddle et al. (2010) who argue that circular migration and transnational knowledge and social networks that it fosters create very specific opportunities for diaspora entrepreneurs. These entrepreneurs often leverage unique cultural resources or market knowledge in their new ventures (Portes et al., 2002).

Diaspora entrepreneurs play a role in supporting the development of their countries of origin via remittances, but also as investors and institutional change agents, not just in ethnic enclaves but globally (Vaaler, 2013; Riddle & Brinkerhoff, 2011). However, the entrepreneurial and societal roles of diaspora entrepreneurs are often intertwined and blurred. Consequently, the discussion on these roles in the global context is mainly without a clear-cut conceptualization, in comparison to other concepts like social entrepreneurship (Jokela and Elo, 2015).

The objectives of this research are two-fold:

- To investigate how international market entry strategies are developed by diaspora entrepreneurs.
- To explore the advantage of diaspora entrepreneurs over domestic SMEs in the development of niche industries.

It explores these objectives by using empirical data of diaspora entrepreneurs from different industries namely, food manufacturing, retail, publishing, education, agriculture, petro-chemical and information technology. The entrepreneurs are all originally from Nigerian, an emerging economy, but operating in London and engaged in international activities. The study employs a qualitative methodology involving in-depth semi-structured interviews of the entrepreneurs. By focusing on the behaviour of these entrepreneurs with respect to market entry strategies, the paper is concerned with how and why diaspora entrepreneurs actually enter international markets, rather than what the traditional theories of internationalisation suggest.

The main body of literature on internationalisation has focussed on multinational corporations, thus our knowledge remains limited with regards to diaspora entrepreneurs (Hilmersson, 2014). However, so far, studies on internationalisation that are based on SMEs are from developed economies (Crick, 2009).

The neglect of diaspora entrepreneurs from emerging economies has hampered understanding of the phenomenon of these firms' internationalisation and represents an important gap in the literature (Zhang et al., 2014). This is fascinating as, compared to their larger counterparts, diaspora entrepreneurs have to be more conscious, careful and selective when making decisions concerning internationalisation. This is because diaspora entrepreneurs are constrained by resources and limited pool of international experience even more than other SMEs (Riddle et al., 2010).

This article offers the following important contributions. First, the study contributes to knowledge regarding sustainable and successful internationalisation strategies of diaspora entrepreneurs in an emerging economy. Second, it advances this stream of research by challenging the conventional assumption that internalisation is a risky venture for small businesses. Third, it contributes to the argument that diaspora entrepreneurs may offer a better alternative to domestic firms in terms of the development of numerous niche industries.

The paper is structured as follows. After a brief summary of the theoretical framework and methodology employed in the study, the findings of the case studies are presented and discussed using a learning framework. The paper concludes with the implications and limitations of the study and suggests avenues for future research.

The Theoretical Framework

The traditional theory of internationalisation

Although a significant number of small businesses do not export, the trend towards internationalisation is intensifying. It is a strategy that offers opportunities for growth, value creation and improved performance. Internationalisation occurs when a 'firm increases its involvement in foreign markets' (Casillas and Acedo, 2012). The traditional approaches to internationalisation are the Uppsala (U) and Innovation (I) models jointly referred to as the stage models. These models propose that internationalisation is a stepwise process signifying that firms explore international opportunities in a sequence of steps (Chetty and Campbell – Hunt, 2004).

The traditional stage models suggest that most firms first develop in their home market and then internationalisation occurs as a result of a series of incremental decisions (Johanson and Vahlne, 1977; Bilkey and Tesar, 1977; Ruzzier et al., 2006). The process occurs sequentially because it evolves in a reciprocal relationship between the development of knowledge about foreign markets and operations on one hand and an increasing commitment of resources to foreign markets on the other (Johanson and Vahlne, 2001). In other words, as a firm gains more knowledge about a market, they become more committed and invest more resources into that market. What this suggests is that the uncertainty resulting from the barriers to market entry such as differences in language, culture, regulations and business practices is overcome by acquiring knowledge, gaining experience and commitment to the market.

That is to say that the perceived risks associated with unknown markets are reduced as a firm gains more knowledge and experience. Therefore, knowledge accumulation is incremental and learning occurs gradually (Ruzzier et al., 2006). The objection to this model is that it generalises and simplifies the process of internationalisation by depicting the firm behaviour as a series of steps even though the process is iterative and dynamic (Gripsrud, 1990; Bell 1995). The process being 'iterative' could be step-like, whilst being 'dynamic' suggests change, adaptability, and perhaps missing or skipping 'steps'. It also does not take into account other paths to internationalisation such as mergers and acquisitions, financial variables such as the cost of doing business abroad and other barriers to entry such as trade barriers by foreign governments (Buckley and Casson, 1998; Chetty, 1999).

In addition, it fails to recognise that the more experienced firm may have a planning process for market entry. It may also have certain individuals (key decision makers) who determine what strategic actions and opportunities to be explored. Also, the kind of knowledge required could be firm specific and not market specific (Anderson, 2003; Seppola, 2002; Brennan and Garvey, 2009). Finally, in today's market where international relationships are formed and changed rapidly, the U model is considered to be too static (Axin and Matthyssens, 2001).

The Network approach to the internationalisation process

The network approach suggests that internationalisation depends on the set of network relationships (comprising customers, suppliers, competitors, support agencies, family and friends) rather than a firm's specific advantage (Saarenketo et al., 2004). In other words, knowledge gained from an organisation's network influences the internationalisation process and facilitates market entry.

The network theory draws attention to how the business and social network relationships of a firm impact on its learning (Johanson and Vahlne, 2003). Johansson and Vahlne (2003) argue that business and social networks are a set of interconnected relationships in which the exchange relation between firms is conceptualised as collective actors. Two key words in this definition are ‘interconnected’ and ‘exchange’. It points out that firms do not exist in isolation but are part of networks that are industry, market, location or customer related as well as a kind of give-and-take process that occurs in networks. It has been recognised that links with customers that are necessary to complete a sale may also involve value added if, for instance, the firm receives market information from the customer that goes beyond that necessary to complete an individual transaction (Fadahunsi et al, 2000).

Firms can learn directly from their personal experience in international activities for instance doing business abroad, indirectly through observing their competitors and/or other foreign firms (environmental scanning) as well as through interaction with other businesses. The experiential knowledge gained from these interactions can influence a firm to begin the internationalisation process. In addition, business networks can serve as bridges and/or gateways to foreign markets as in the case of supplier/customer relationships where a firm follows a supplier or customer abroad at their request (Johanson and Vahlne, 2003).

On the other hand, Seppola (2000) emphasises the role of individuals/actors in networks advising that they affect how knowledge is acquired in organisations. He states that ‘knowledge creation is human by nature; it is created in interaction by human beings at different levels’ (pp 13). Individuals embody knowledge especially tacit knowledge and therefore he considers organisational learning as a social interactive process in which all individuals and/actors in the firm are learning agents. Thus, socialisation is the process of converting new tacit knowledge through shared experiences. He posits that organisational learning occurs not just through business relationships but via the collective learning that occurs due to actors being interconnected and interdependent. In this instance, trust acts as a determinant factor for how willing actors are in sharing information.

Networks become especially important if there are entry barriers such as unknown legal or cultural practices. When a new venture perceives these barriers to be high, international network contacts may be vitally important to expand international activities and successfully overcome such barriers (Baum et al., 2013). Baum et al. (2013) also argue that international network contacts may increase security against monetary pitfalls by providing financial back-up.

The International New Venture Theory

An increasing number of firms are engaging in international activities and establishing themselves in foreign markets from the outset. These organisations do not follow the traditional steps of stage theories due to their unique capabilities (Oviatt and McDougall, 2004; 2005). They are often referred to as International New Venture or ‘Born Global’.

International New Ventures (INVs) are business organizations that, from inception, seek to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries (Oviatt and McDougall, 2004; Crick, 2009). Similarly, Knight and Cavusgil (2004) define ‘born global’ as a business organisation that from or near their founding, seek superior international business performance from the application of knowledge-based resources to the scale of outputs in multiple countries. The definitions of INVs and BGs are often assumed to be similar and have been used interchangeably due to their common characteristic which is rapid internationalisation (Crick, 2009). This research also refers to INVs and BGs in this manner.

These firms do not follow the sequential path of internationalisation, that is, their market entry is not on the premise of knowledge accumulation. These firms are usually niche-oriented; their market choices are not based on cultural similarities but on relationships and/or specialisation of their products as well as their collaborative efforts (Madsen et al., 2000). In addition, a combination of factors contribute to this rapid process and these are the founder/entrepreneur, international competencies resulting from an international orientation and a hybrid organisational structure that promotes the maximum use of limited resources (McDougall et al., 1994; Knight and Cavusgil, 2004).

The need to focus on the individual who creates a new venture is emphasised by Shaver and Scott (1991). They indicate that it is this person in 'whose mind all possibilities come together, who believes that innovation is possible and who has the motivation to persist until the job is done' (p. 39). That means, without the vision, willingness, tenacity and creativity of such individuals, these ventures will not exist. Kyvik et al. (2013) suggest that the mind-set, attitudes, global orientation of the decision makers, market conditions as well as their ability to develop resources to compete internationally are elements that allow BGs enter markets that are geographically and/or culturally distant.

The gap in the traditional model is that in an emerging market, diaspora entrepreneurs may suffer from significant liabilities during internationalisation. For example, because of their emerging-market origin and small size, they experience significantly more costs than both developed country SMEs and large firms from the same emerging market (Hilmersson, 2012). Such costs are primarily efficiency costs including interpretation-based costs due to market ambiguity (Crick, 2009). In addition, diaspora entrepreneurs may have difficulties in maximising economies of scale which is a key benefit of internationalisation due to internal constraints of resource, capability and managerial skills (Zhang et al., 2014).

Other gaps in the literature are concerned with the speed, scope and scale of internationalisation of diaspora entrepreneurs. The speed of internationalisation refers to the rate at which diaspora entrepreneurs spread their international activities between different markets. The scale of diaspora entrepreneurs' internalisation embodies the degree to which the business's activities depend on foreign markets. A large-scale internationalisation rather than a small-scale one means that the business is less dependent on a single market in the country of residence. Therefore, those operating on a larger-scale are expected to have a more international outlook than those with limited scale and to have the opportunity to serve and exploit similar market niches in new countries (Hilmersson, 2014).

Entrepreneurship behaviour as a learning process

It has been accepted that for internationalisation to occur, knowledge is essential (Johnanson and Vahlne, 2001). By the same token, it has also been recognised that the entrepreneur as well as an entrepreneurial orientation is crucial to the learning process (Chetty, 1999; Seppola, 2000). Since these determine how strategy is formulated understanding how entrepreneurs learn is important.

Learning is the process by which knowledge is generated and occurs as a result of behaviour and cognition (Harrison and Leitch, 2005). The behavioural theories suggest that that learning occurs by means of responses to stimuli; it is a consequence of observable phenomena (Gibb, 1997). Alternatively, cognitive theories argue that learning is an internal process encompassing belief, perception, and mental structures (Schunk, 2012). On the other hand, the theory of experiential learning suggests that it is a process involving experience, emotion, cognition as well as external environmental factors (Kolb, 1984). It infers that learning is more holistic with knowledge created through the transformation of experience. Simply put, knowledge is created by combining, grasping and transforming experience (Kolb et al, 2001).

Entrepreneurial learning is defined as how people construct new meaning in the process of recognising and acting on opportunities and of organising and managing new ventures (Cope, 2011). Rae and Carswell (2001) suggest that there is a close relationship between entrepreneurship and learning. Entrepreneurship is an action oriented process thus, entrepreneurs learn experientially based on their activities. It is therefore the implementation of both experiential and cognitive processes to acquire, retain and use experiential knowledge (Young and Sexton, 2003).

Therefore, individual learning is crucial to understanding how an organisation learns (Kim, 1993). Kim (1993) argues that since individuals transfer what they have learned into the organisation, there exists a link between the two. He also puts forward two levels of learning namely, operational learning (know-how); that is, gaining the skills to produce some form of action and conceptual learning (know-why); which is the capability to make sense of experiences. He states that 'mental models in individuals' heads are where a vast majority of an organisation's knowledge (both know-how and know-why) lies' (p. 11). Thus, it is this mental model that determines how information will be deciphered and applied. It should be noted that within the model, double loop learning occurs. This is when understanding, insight, and explanations are connected with action (Argyris, 2003). Consequently, learning is the ability to acquire skills, understand and apply it.

Entrepreneurs learn by doing and the personal development of an entrepreneur leads to new stages of growth for the business (Gibb, 1997). Cope (2003) advises that personal development comes about as a result of critical incidents, triggers and/or unusual events. These events are qualified as having either positive or negative connotations but the outcomes are generally of the positive nature. He indicates that critical incidents accelerate the process of learning and growing self-awareness and therefore often prove to be seminal moments within the process of change. As a consequence of these incidents, entrepreneurs tend to be reflective. They look back on their actions; this increases their self-awareness prompting a personal change which impacts their business (Cartwright, 2002). Further, these incidents give rise to different kinds of learning as well as unlearning[1]. Cope (2005) presents two types of learning that occur – lower level and higher level learning. He relates higher level learning to double loop learning concept where one questions their assumptions, discovers and invents new alternatives, perceptions and ways of approaching problems.

Higher level learning is significant because it has the capacity to challenge or redefine an individual’s mental model (Cope, 2005). Accordingly, the behaviour and actions of an entrepreneur and the business is impacted. At the same time, Cartwright (2002) argues that entrepreneurs possess a kind of storage space that encompasses all the accumulated experiences. It is this stock of knowledge that enables learning in that prior experiences determine their future actions. Learning occurs as a result of the ability to recognise the value of new external information using prior related knowledge and/or diverse background to assimilate and apply it (Cohen and Levinthal, 1990; Cope, 2003).

According to Politis (2005), the difference between entrepreneurial experience and entrepreneurial knowledge should be the starting point to understanding the process of entrepreneurial learning. He distinguishes these by suggesting that the entrepreneur’s experience is a direct observation of, or participation in, events associated with new venture creation, while, the practical wisdom resulting from what an entrepreneur has encountered represents the knowledge derived from this particular experience. Thus, there is a link between experience and knowledge and it is the reason why learning is a transformative process. It is in the transformation of experience into experientially acquired knowledge that learning occurs (Gibb, 1997).

[1] Unlearning is the process by which individuals discard what has been learned previously from memory.

Furthermore, Politis (2005) recognises that entrepreneurs have the ability to spot opportunities and attributes this to two factors namely, possession of prior information necessary to identify an opportunity and the cognitive capability to value and evaluate this said information. As such, different experiences result in different learning outcomes suggesting that a more experienced entrepreneur develops new ways for analysing information (Cope, 2011). However, having prior experience is not enough for learning to occur. For learning to occur something must be done with the prior experience; that is prior experience must be transformed into an action that can be acted upon, explored or exploited (Politis, 2005).

Research Methodology

Qualitative research was chosen due to the nature of the research question which is investigating how diaspora entrepreneurs develop market entry strategies. In particular, it is exploring the influence of knowledge to this process. That is, how knowledge is acquired via learning by the entrepreneur and how this impacts decisions and choices. Although business owners were the primary focus as key decision makers, sale managers/representatives were also interviewed from each business to help in checking and stabilising conflicting evidence.

The research participants were identified through the assistance of both formal and informal networks (Deprey, 2011), who were provided with a clear selection criteria (such as business sectors, origin of owner-managers and business characteristics). The informal network was through personal recommendation within the researchers' personal contacts. The formal network was through Silicon Africa. A sample of 12 case study firms was decided upon, drawn from different sectors (i.e. IT, food, retail, publishing, education, petro-chemical and agriculture). The owner-managers of these companies were all of Nigerian origin and operating in London. To be included in the study, the firms had to be small businesses as defined by the EC[2] and independently owned by the entrepreneur.

All of the interviews were face-to-face with the exception of one which was a telephone interview. The interviews followed an interview protocol which comprised a schedule or a list of how the interview was conducted (Creswell, 2014). This was useful because it fixed the expectation of the interview process and served as an ‘ice-breaker’ as well as demonstrated the professionalism of the interviewer.

Prior to beginning the interview, the participants were reminded of the purpose of the research and presented with the consent form. They were advised that the interview would be semi-structured because this interview method provided them an opportunity to speak freely, tell their story and expand on particular points of interest (Boyatiz, 1998). During the interview, in addition to tape recording, appropriate notes were taken whilst listening attentively and interruptions were only for probing, clarification and/or confirmation of points.

The interviews were in two parts. The first interviews were exploratory in nature (Jarvis *et al.*, 1996). They took the form of a personal open-ended reflective interview where each participant was asked to narrate their life history in business from start-up to present. They established the initial boundaries for the research as well as providing details of the owner-managers' background and personal biographies such as age, education and training, and experience (Ekanem, 2007). They also focused on the motivations for starting the business. This helped to throw up the major issues of the study and was also useful in building rapport (Gill and Johnson, 2010).

[2] The European Commission defines a small business as one with less than 50 employees and £2.8m sales turnover.

The second part of the interview was more in-depth. In this part of the interview, participants discussed their international market strategies. In this part of the interview, interviewees were probed to discuss in detail the emerging themes from the first part of the interviews. These included the significance of knowledge and learning in the internationalisation process; how the knowledge and learning was acquired and how the entrepreneurs overcome market entry barriers.

The first interviews lasted for about an hour, but the second lasted considerably longer than this as matters were dealt with in detail. With the agreement of the participant all the interviews were tape recorded, on the understanding that the material provided would be treated as confidential. During this part of the interview, the interviewer took the opportunity to review meanings of what was heard (for example, ‘Did I hear you emphasise that...’, ‘Would this be a fair interpretation ...?’, ‘Is my understanding correct that …?’). Upon conclusion of an interview session, a recap of the interview was done; interviewees were reminded of their rights (to withdraw at any time, anonymity and confidential) as well as how the data will be used.

Data Analysis

The data analysis utilised a set of techniques such as content analysis, and explanation-building technique (Yin, 2014; Ekanem, 2007). Content analysis involved listing the features associated with market entry strategies and learning such as networking and born-global approaches and their benefits. Examples of these features include the circumstances and rationale leading to internationalisation. Explanation-building technique allowed series of linkages to be made and interpreted in the light of the explanations supplied by each respondent (Yin, 2014). For example, the use of gut-feeling, judgement, experiences, families and friends by owner-managers with respect to internationalisation behaviour emerged from field notes and transcriptions.

The data analysis was inductive, utilising a data coding approach, which allowed for on-going modification and adjustment as analysis unfolded and which also allowed for content analysis to be conducted at different levels of aggregation (Fisher, 2004). The coding was used to select quotations made by interviewees to illustrate or emphasise a particular issue within the study. This technique also enables the data to be organised and described so that it can be understood and facilitates rich and insightful interpretations that recognise the subjective experiences of business owners and sales managers.

Findings

The main characteristics of the business owners are summarised in table 1 below including country of origin, country of residence, age, migration history and education. In terms of migration history, three of the business owners in the study are UK-born, whilst the others are first generation settlers in Britain as reflected in their length of stay in the country. The study consisted principally of twelve case study firms as illustrated in the profiles in Table 2, showing the size, number of employees, the year founded, turnover and sector. The oldest firm is a third generation agriculturist business founded in 1945 and the youngest is an information technology firm founded in 2013.

The twelve firms fit into the category of both micro and small enterprises as defined by the European commission[3]. Extracts from the interviews with the interviewees are presented in this section.

[3] The European Commission defines a micro enterprise as one with less than 10 employees and £1m sales turnover; and a small enterprise as one with less than 50 employees and £2.8m sales turnover.

Table 1: Characteristics of business owners

Business owner	**Com 1**	**Com 2**	**Com 3**	**Com 4**	**Com 5**	**Com 6**	**Com 7**	**Com 8**	**Com 9**	**Com 10**	**Com 11**	**Com 12**
Country of origin	Nigeria	Nigeria	Nigeria	Nigeria	Nigeria	Nigeria	Nigeria	Nigeria	Nigeria	Nigeria	Nigeria	Nigeria
Country of residence	Britain	Britain	Britain	Britain	Britain	Britain	Britain	Britain	Britain	Britain	Britain	Britain
Age	40	46	50	30	50	35	36	27	42	43	32	39
UK born	-	-	-	UK born	-	-	-	UK born	-	-	-	UK born
Average length of stay in UK	24 years	28 years	30 years	-	28 years	18 years	19 years	-	23 years	25 years	27 years	-
Level of education	BSc	ACMA	BA	MSc	HND	MSc	BA	MA	HND	BSc	BTEC	BSc

Table 2: Profile of case study companies

Firm	**Size (No. of employees)**	**Year founded**	**Turnover**	**Sector**	**Main activities**	**Entry Strategy**	**Benefits of strategy**
1	5	2013	£1m	Information Technology	Digital payment services; Value added services to agent	International new venture (born-global)	First mover advantage; Competitive edge

					distribution networks		
2	10	2012	£500k	Food Manufacturer	Ready-to-eat meals; Meal compliments (sides)	Personal network/born global	Motivation; Self-esteem
3	20	2012	£1m	Food Manufacturer	Health products: **Uslim:** nutritious weight loss shakes; **Ufit:** Milk with added muscle that supports active life style; **Ufit Breakfast:** Breakfast drink; **UfitPro:** Supersize protein shake that contributes to the growth and maintenance of healthy muscles; **Collagen + beauty milk:** Nutritious beauty milk; **Gohealth Balance:** Daily immune defence shake; **Gohealth Joint protect:** For	Personal network	Broader scope

					healthy flexible joints.		
4	45	1945	£2m	Agriculturist	Third generation family business that specialises in the production, packaging and sales of wholesale fruits and vegetables.	Business network	Useful knowledge of technology;
5	11	2010	£7m	Information Technology	Retail of electronic products	Personal network	Sharing of recourses; Support
6	10	2009	£6.5m	Retail	Sales of phones and gargets	Personal network	Pooling of resources; Security and reliability
7	30	2006	£3.5m	Textile	Fashion/clothing	Personal network	Experience Support; Business contacts
8	8	2010	£500k	Catering	Food manufacturing	Business and personal networks	Expansion of business outlook
9	3	2011	£2.6m	Web design and development	Web applications and software	Business network/born global	Cheap or free labour; Co-ethnic customers;
10	7	2000	£3m	Publishing	Books E-Books	Business network	Creating awareness; Encouragement

					Children literature		
11	20	2008	£0.7m	Education	Nursery	Business network	Sharing communal resources; Information exchange
12	35	2004	£5m	Petro chemical	Oil and gas	Business network	Finance; Business contacts; Support ; Advice

Table 3: The Learning perspective

Company	Critical incidents	What was learned	From Whom/linkage with entry strategy?
1	Job loss in country of origin	Learn to take opportunity	Experience; judgement and gut-feeling
2	Culture of corruption in country of origin; stiff competition	Learn different strategies for competition; confidence	Cousin; Competitors
3	Lack of market knowledge; lack of resources	Survival; Ability to competition	Colleague who became a personal friend
4	Lack of innovation	Quality and price differentiation; Ability to handle sales fluctuations and decreases in demand.	Customers
5	Rapid changes in technology	Good customer service	Brother
6	Rapid changes in technology	Trust	Uncle
7	Lack of confidence; Lack of flexibility	Confidence; Knowledge	Cousin/family member
8	Lack of self-confidence; Lack of flexibility	Confidence; Ability to interpret business environment	Customer; Family
9	Lack of resources	Trust and opportunity taking	Experience; judgement and gut-feeling
10	Economic downturn; Lack of flexibility	Ability to exploit economies of scale; Balance sales fluctuation	Business colleague; Networking event
11	Stereotype; Lack of growth and expansion; Lack of confidence	Confidence to run business	Competitors
12	Lack of financial resources	Fund raising ability	Networking events; Venture capitalist

This study has been developed from the premise that compared to large multinational corporations, diaspora entrepreneurs possess limited experience and resources when internationalising their business activities. As indicated in the literature, diaspora entrepreneurs are in a vulnerable and risky position when facing distant environments. However, internationalisation is a strategic decision these firms must make in the face of increasing competition.

The findings in this study indicate that diaspora entrepreneurs adopt mostly the network market entry strategy as a learning approach or sometimes the international new venture (born-global) strategy or a combination of the two as demonstrated in the findings from the twelve case study firms.

International New Venture

Company 1 and 9 adopted the international new venture or born-global strategy. When the owner of Company 1, an IT company, was asked about their international market entry strategy and how he came to adopt the strategy, he explained:

> '*I used to work for a company called Monitise. They created an arm called Emerging Markets and what we were supposed to do was to try and conquer Africa. So we went to Nigeria. Unfortunately, the way things were at the time, we were not allowed to go and offer services to banks, you know B2B, it had to be customer facing. Even though we had the licence and local partners, the challenge was that for Monitise it was not their core business function, so they pulled out and I was out of a job. But, that experience opened my eyes to something- an opportunity in Nigeria'* (Owner of Company 1: IT Company).

The above quote challenges the traditional theory of internationalisation since the opportunity in Nigeria led the owner of Company 1 to set up his IT Company in Nigeria right from day one. The owner-manager of this company went on to state that as a Nigerian he already had experience and understood the culture of the country and so, did not perceive any issues with conducting business there (Baum et al., 2013). When asked about the learning experience involved in the process, he indicated a self-learned approach arising from experience, judgement and gut-feeling. He emphasised that being a Nigerian made it easy for him to recognise the opportunity in Nigeria since he knows his way around the business environment.

Benefits of born-global and the advantage over domestic SMEs

The owner manager of Company 1 indicated that the benefit of this strategy is the speed with which it allowed them to enter the market and to have a competitive edge. He also emphasised the benefit of having the first mover advantage. The sales person interviewed also made the point that the entrepreneurs' experiential knowledge base of the environment reduces uncertainty regarding the international operations, reduces perceived costs and contributes to international competitiveness. Similarly, the owner of Company 9 also emphasised that his understanding of the cultural and social norm, distinct business culture and local language has helped to develop trust and open up opportunities for his web design business which are unknown to other investors or entrepreneurs.

Both owner-managers considered their businesses as a niche and the owner of Company 1 explained the advantage his business has over domestic businesses and in developing the niche as follows:

'I am able to excel over local enterprises because I don't live in the system. I am outside the system, as it were. I am not under the turbulent political and economic conditions that stifle local enterprises and I can take risk' (Owner of Company 1: IT Company).

This quote is representative of comments received from other participants. It suggests that diaspora entrepreneurs have the cultural, social and a slightly greater financial capital and resources to facilitate starting up a niche. Above all, because of their exposure, they have a higher risk-taking propensity and are often more willing to engage in business activities in high-risk or emerging markets.

Personal or social networks

Personal or social network entry strategy was evident in Companies 2, 3, 5, 6, 7 and 8, usually entailing the use of family and friends. For example, the owner of Company 3's entry into the Nigerian market was propelled by his personal network:

'I worked with a guy for ten years when I was in the dough business. He used to sell my pastries in Nigeria when I was in General Mills. So now he works for another company but he does some consultancy for a small agent out there. He took it into Nigeria for me. I am in about 104 store courts in Nigeria. I am in most petrol stations in Nigeria and he's done all that (Owner of Company 3: Food Manufacturer).

The above quote demonstrates the use of a personal network to facilitate the entry into the Nigerian market. This business owner boasted of having a broad scope of international activities which enhances his opportunities to learn from diverse circumstances and environments, including customers as well as competitors. He indicated that the relationship established with his co-worker during his time at General Mills became a personal relationship and yielded returns. The sales manager, in support of the business owner, pointed out the significance of this type of relationship in terms of learning from the personal network which is vital not only for survival but also for being able to compete with other firms.

The owner of a textile/fashion business indicated that it was her cousin and family members who were instrumental to her market entry strategy. The quote below explains the strategy:

> *Initially, opening my own store in Nigeria was not possible due to my inexperience of the market. However after attending an innovative forum with my cousin who kept on encouraging me and supporting me, I realised I could start my clothing outfit. He provided me with business contacts and information. This has tremendously helped me gain traction for investment for my business.* [Company -7: Textile/Fashion Retail].

The case of the textile business also demonstrates the importance of using personal networks as an entry strategy in terms of the encouragements and support as well as business contacts. Probed about what she learned from the relationship with her cousin and family members, she referred to confidence to explore the Nigerian market. She also emphasised the benefit of the relationship in terms of the knowledge accumulation through learning from her cousin and other family members which has helped in the growth of her business. The owner of Company 8, a catering business, who learned from a family member as well as customers, also emphasised on confidence: "*Confident to do what I love!"*

The market entry strategy of Company 2 was rather unusual, but equally interesting and also based on a personal network. Although the owner manager is a Nigerian by origin, he did not find the Nigerian market attractive as is evident in the following extract from the interview with him:

> '*I am familiar with the culture. It is the accepted norm to grease palms. This is a huge risk for a business registered in the UK. Not only could you lose everything because you have a Lagos subsidiary, it could suck a great deal of management time and also expose you to huge litigation risk that a small business like mine does not need. I personally could go to jail, so it is not a risk that I am willing to take'* (Owner of Company 2: Food Manufacturer).

The above quote demonstrates support for Madsen et al. (2000) which suggest that market choices are not based on cultural similarities but on relationships. The owner of this food business stressed the recognition of the cultural dimension of social networks in which he is immersed, which led him to decide not to do business in that kind of business environment. He decided instead to go into Ghanaian market through the help of his cousin who has lived in Ghana all his life, known the system inside out, has good and extensive connections and was able to link him up not only with customers, but also with suppliers and resources.

Therefore, through his cousin, he was able to enter the Ghanaian market within three years of setting up his business. When dealing with what he learned specifically from the relationship, he spoke about not only what he learned from his cousin but also from competitors:

> '*I am not going to lie to you, you are competing against many people, companies that have got layers and layers of defences, hundreds and thousands of years of cumulative experience. The CEO has been working 40 years doing what you are trying to do. So you are like a fly dancing around the face of a giant. You ask yourself, what capabilities do they have that I am lacking? Then you learn that*

very quickly. Learning everywhere, in a new market…, everywhere is key' (Owner of Company 2: Food Manufacturer).

The reference to 'learning everywhere' in the above quote demonstrates the owner-manager's opportunity to learn from diverse circumstances and environments including customers and competitors of many years of experience with different strategies for competition which when leveraged enhances competences and performance.

Business networks

The use of business networks as an entry strategy was evident in Companies 2, 4, 8, 9, 10, 11 and 12. For Company 4, it was the customers who directed the entry strategy. The following account from the respondent explains the entry strategy:

> *'It is not us who select the customer but the customer who is selecting his own supplier. The customers normally select us because the total distance to transfer the product to their packing house seems shorter and they have to pay less transport fee'* (Owner of Company 4: Agriculturist).

The case of the agriculturist is a demonstration of where the link with customers determines the entry strategy due to the type of products, proximity and less transportation cost. This is also a clear support for Madsen et al. (2000) which argue that market choices are not based on cultural similarities but on relationships and/or specialisation of their products as well as collaborative efforts. The owner-manager explained his learning experience from this entry strategy in terms of knowledge acquired to be able to deal with quality and price:

> '*I try to get useful knowledge regarding technology, machinery, seeds, and all these things because we have to work on a permanent combination of quality and*

price. For me this is the way to be differentiated. It is the only weapon we have to build and keep permanent relations with customers otherwise you are just a typical watermelon producer having nothing to be differentiated from the massive farmers and competition' (Owner of Company 4: Agriculturist).

Through his customer network as illustrated above, the owner-manager was able to learn about quality and price differentiation by being sensitive to their requirements. It is through quality and price differentiation that this company adds value which gives them the competitive edge. The above quote was also echoed by the sales representative of the company that the strategy contributes to the firm's general experience base which can be absorbed and transformed into experiential knowledge, resulting in the ability to spot indications of uncertainty from customers in the international business environment. This offers the flexibility to adapt its activities to be able to handle sales fluctuations and decreases in demand.

For the owner of a publishing company, it was a business colleague who introduced him to a networking event and encouraged him to establish a publishing business in Nigeria. Apart from setting up an E-publishing business, he also set up a children's literature publishing business in Nigeria one year after setting up a similar venture in London:

"I was at an event when a colleague of mine showed me a journal on his I-pad. That technology was just foreign to me but the concept of people reading books and magazines on a device dawn on me. I also set up a children's book publishing in that same year" [Owner of Company 10: Publishing Company]

The business colleague helped the owner of the publishing company to widen the scale of his international operations which enabled him to exploit economies of scale and also balance sales fluctuations between London and Nigeria.

Benefits of networking strategy and the advantage over domestic enterprises

On the benefit of networking as a market entry strategy, respondents enlisted increase in the scope of international operation, expansion of the business's international outlook and the ability to understand and interpret business environment more easily. The expansion of the business outlook increased the firm's general experience base which transformed into experiential knowledge, allowing the owner to understand and interpret the business environment.

Commenting on the benefit of networking strategy, the sales representative of Company 10 remarked on awareness created for the e-publication business. Other benefits as pointed out by the owner-managers of Company 9 and 11 include sharing communal resources and having family members to provide a potential support mechanism such as cheap or free labour from kin, potential patronage by co-ethnic customers and information exchange. The owner of Company 6, a mobile phone Company, further pointed out that the pooling of resources provides the trust, security and reliability, which come from dealing with people from the same ethnic background. It is the possession of such support mechanism that enabled him to have an edge over his competitors.

Similarly, the owner-manager of Company 2, who did not invest in his home country, explained that he has been able to tap into his cousin's wealth of knowledge of the Ghanaian market and learned a lot from it. He mentioned the benefits to include motivation, confidence and self-esteem fostered by such network.

Commenting on the advantage his business has over domestic businesses the owner of Company 10 indicated:

> *'I am able to think outside the box without pressure from family, culture or politics. Besides, I have strong desire for economic development in my homeland.'*

This means that the advantage diaspora entrepreneurs have over domestic enterprises is their freedom to think and act without the shackles of family, culture or political backlash. It means having the dual cultural, institutional and economic capacity that facilitates good entrepreneurial strategies. The above response was representative of other companies in the study. The desire to see their homeland develop is a great advantage to exploit niche markets (Newland and Tanaka, 2010).

Discussion

This study investigates how the market entry strategies are developed by diaspora entrepreneurs in the emerging economy and the advantage they have over domestic enterprises in the development of niche industries. The study shows that they were learning through their experiences and those of their social or business networks. These learning opportunities can be leveraged thereby enhancing the performance of the internationally active small business (Hilmersson, 2014). Hilmersson (2014) also argues that firms with a broad scope of international activities will be better equipped to diagnose market development and recognise warning signals in countries where symptoms of the recession are revealed at an early stage. This has implications for an emerging economy.

The case study firms understand internationalisation in terms of interactions and networks in foreign markets which lead to increased knowledge and trust between various market actors and such relations were of mutual benefit to the participants. Typically, the various players within the business networks included customers, suppliers, competitors, consultants and supports agencies; while those in the social networks included family, friends and acquaintances. The case study firms relied on their networks to learn about new markets and how to overcome institutional and cultural barriers to conduct business there which was a way of overcoming their financial and human resource constraints. They used the network approach as a springboard to fulfil their resource void and deficiencies in technologies and management skills (Zhang et al., 2014).

The views expressed by the owners of Companies 1 and 3 suggest that their entry into their chosen markets was relatively easy. A general explanation could be that for both firms there was no market entry barrier to overcome. It is interesting to note that psychic distance which consists of factors (such as language, culture and political climate) that impede the flow of information between a country's market and firm did not exist to both firms. Therefore, the need to acquire market knowledge was not necessary. It also enhanced the speed of market entry (Hilmersson, 2014). Fadahunsi et al. (2000) argue that although contacts within the networks may not necessarily be continuous for business purposes, such networks are often viewed as vital element in the development of ethnic businesses in that their closed nature offers members access to the networks in ways that are otherwise denied to non-members of that group.

In examining the internationalisation of these firms, it can be noticed that market entry barriers did not represent a real issue per se. The prior international experience of Company 1's owner was an enabler for international new venturing because it contained the specific experience of the owner manager with the Nigerian market. This is consistent with Baum et al. (2013) who posit that prior international experience is positively related to international new venturing as managers who have lived abroad are more likely to sell internationally. Also prior international experience has been found to enhance awareness of opportunities as well as the pace and degree of internationalisation (Baum et al., (2013). In the case of Companies 3, 9, 10 and 12 having a trusted contact, colleague or venture capitalist (as in the case of Company 12) resulted in their entry into the Nigerian market with absolutely no barriers.

In Company 4's case, it appears that due to the nature of the business as a supplier of fruits and vegetables, their market was determined by their potential customers (Johanson and Vahlne, 2003). This is also a network approach with different experiential knowledge profiles (Hilmersson, 2012).

The market entry for Company 2 is equally interesting. Having a common heritage with a potential market did not quite work for the company. The founder is a Nigerian and yet he did not consider the Nigerian market. There is a natural temptation to assume that the Nigerian market would be a logical choice for this company especially as this was favourable to the other companies in the study. Although this argument appears to have some merit using Company 1 as a yard stick, it is superficial to not consider other factors such as the differences in both firm's activities and their customer segments. More controversially, it is the founder's knowledge of the Nigerian culture that deters him from going into that market (Madsen et al., 2000). Clearly, for this firm, having knowledge about the Nigerian market has resulted in non-market entry. Having good governance and political stability are indicators for successful market entry for this firm, and it is for this reason that the firm considered the Ghanaian market to be a better choice. This is consistent with Newland and Tanaka (2010) who remark that investors favour countries with better governance; that is, countries with relatively little corruption and with well-functioning public institutions.

The main advantage of the strategies adopted by diaspora entrepreneurs is clearly the speed at which they are able to enter into these markets which has so many benefits such as first-mover advantage, control of resources and stronger performance in an emerging market (Hilmersson, 2014). Thus, it can be assumed that the firm that internationalise at high speed have greater opportunity to gain advantage over rivals and are also likely to earn positive economic profits and have stronger performance (Hilmersson, 2014). The transnational nature of diaspora entrepreneurship makes it possible to facilitate innovation and knowledge transfers from the host country to their countries of origin (Newland and Tanaka, 2010).

Conclusions

Traditional theory on internationalisation proposes that market entry occurs in stages because of market entry barriers. It suggests that firms initially proceed into markets that are similar; further expansion into other markets only occurs after the market entry barriers have been reduced (Johanson and Vahlne, 1977; Johnanson and Vahlne, 2001).

However, the globalisation strategies adopted by the case study firms has refuted these theories. The new theories on the process of internationalisation put forward that market entry does not happen in stages and/or a single market at a time (Bell, 1995; Fillis, 2001; Knight and Cavusgil, 2004; Oviatt and McDougall, 2004). Instead, market entry can occur in multiple countries at a single point in time, yet, the decision to internationalise ultimately rests with the business owner’s willingness to explore international opportunities. Since the market entry decision depends on the entrepreneur, this suggests that the business owner possesses the knowledge to make that decision.

The evidence in this research reveals that diaspora entrepreneurs adopt mostly the network entry strategy and, in some cases, the international new venture strategy (or a combination of the two) for their international activities rather than the stage by stage approach. The evidence also suggests that they are alternative ways of overcoming market entry barriers aside from the business seeking the required knowledge directly. Thus, it enhances the speed with which these businesses enter their foreign markets and are thus uniquely positioned in this emerging economy for the development of niche markets. This, in turn, enables them as born-globals and rapidly internationalising firms to be alert and flexible and better equipped to deal with sales fluctuations and changes in the emerging market environment (Hilmersson, 2014).

Entry into a market did not only result from the business owners having explicit knowledge of the markets that they are in. Instead, market entry was also achieved through alternative means such as having a trusted partner. It is this trusted ally who possesses the necessary knowledge. Further, the nature of the business's product or service can determine what markets it will enter due to the demand of customers within those markets (Madsen et al., 2000). In essence, these alternative methods to overcoming market entry barriers remove the responsibility from the business owner. What this means is that the entrepreneur does not have to personally acquire or seek the required knowledge about a particular market before proceeding into it. Thus, it conforms to the network theory to inform social capital.

The study makes some important contributions to knowledge: Firstly, it contributes to knowledge regarding sustainable and successful internationalisation strategies of diaspora entrepreneurs in an emerging economy by providing examples of entrepreneurs who engage in business activities between two countries and the process through which these strategies are employed. Thus, it contributes with more symmetrical dyad to the rather dominant asymmetrical views that flow between developed and developing counties. Diaspora entrepreneurship in emerging markets represents an increasingly active force in internationalisation (Zhang et al., 2014; Riddle et al., 2010; Newland and Tanaka, 2010). In the context of general foreign direct investment attraction policies, there is scope for a specific strategy to encourage diaspora investments.

Secondly, the paper contributes to the understanding of the unique international behaviours exhibited by diaspora entrepreneurs that can help to extend extant international business theory. Understanding the entrepreneurial internationalisation process and dynamics of diaspora entrepreneurs illuminates novel aspects for international entrepreneurship. Thus, it contributes to the advancement of international entrepreneurship research on migrant and diaspora entrepreneurs and their entrepreneurial internationalisation and on the respective opportunity risk management, directions, motivations, location choices, processes, participants, and critical events.

Thirdly, the research contributes to the argument that diaspora entrepreneurs may offer a better alternative to domestic firms in terms of the development or upgrade of numerous niche industries (Lin, 2010). This study highlights that diaspora entrepreneurs can indeed be considered as a formidable force against indigenous firms in the emerging economy's competitiveness. It demonstrates that transnational diaspora entrepreneurship can generate opportunities for diasporans and the societies in which they operate in terms of ideas, resources, employment opportunities, stimulating innovation and creating financial and social capital across borders.

Fourthly, since the trend towards small business' internationalisation can only intensify and diminishing proportion of small businesses can be expected to be insulated from its pressures, the study challenges the conventional assumption that internationalisation is risky for small businesses. This study suggests that in an emerging economy, it might be even more risky not to internationalise. Hilmersson (2014) argues that firms that do not internationalise may lose competiveness; over-dependence on a single and/or home market might increase income stream uncertainty.

Finally, although the growing body of the literature has explored the antecedents that lead to emerging market SME internationalisation, how diaspora entrepreneurs can overcome the challenges and capture the benefits presented by growth opportunities in international markets has been neglected in the small business literature (Zhang et al., 2014). This article contributes to addressing this gap in the transnational diaspora entrepreneurship literature.

The implications of the research

This study has shown that entrepreneurs who are beginning to internationalise their activities should seek to exploit potential first-mover advantages in emerging markets by realising a strategy of internationalisation at high speed. The study has also shown that diaspora entrepreneurs should not "put all their eggs in one basket". The analysis indicates that it is not the share of the eggs put into the home market basket, in relation to the international one, that is important. Instead, what matters is the number of baskets used for the eggs and the speed at which they are spread between the baskets (Hilmersson, 2014).

The results of this study has shown that the assumption that internationalisation is a risky venture should be challenged as diaspora entrepreneurs can realise advantages in cost-efficiency and relational capability in the international process and attempt to exploit them.

Therefore, it can be argued that it might be more risky for diaspora entrepreneurs not to internationalise their activities than it is for them to do so.

The implication for policy is that relevant policies such as training, mentoring, investment, tax breaks, lowering import barriers and providing information about business regulations and laws should be put in place to aid market entry of diaspora entrepreneurs in emerging economies.

Limitations

The study has several limitations which suggest the implications for further research. The major limitation of the study is the extent to which the study can be generalised to wider population of small firms since it was based on only twelve case studies drawn from different sectors, which were not randomly selected. It will be interesting to see if the results of the research hold true amongst other diaspora entrepreneurs from other emerging economies. Therefore, further studies on larger diaspora businesses and a larger sample size and preferably a more specified sector is necessary.

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